

TAX POLICY AND STRATEGY - STAR HEALTH AND
ALLIED INSURANCE COMPANY LIMITED
2022-23

Tax Objectives

1. Background

Star Health And Allied Insurance Company Limited is India's leading private Health Insurance Company. Headquartered in Chennai, the company began its operations in 2006 as India's first standalone Health Insurance provider. The company offers innovative services and products in health, personal accident and overseas & domestic travel insurance aligned with the needs of the Indian Market. Being the Health Insurance Specialist, the company ensures that timely assistance is provided during health emergencies.

Being a responsible corporate citizen, Star Health is committed to building a sustainable business whilst creating value for all stakeholders.

2. Objective & Applicability

The Company's tax policy is guided by the principles and expectations of the Tax Department as defined under the Tax Charter. The building blocks of the Company's tax strategy are:

- a) Transparency in disclosures
- b) Awareness and fulfilment of compliance obligations
- c) Accuracy of records
- d) Timely and Accurate submissions
- e) Timely payment of statutory dues

3. Key Taxation laws applicable to Star Health

A. Direct Tax

- Income Tax Act, 1961

B. Indirect Tax

- The Central Goods and Service Tax Act, 2017 (w.e.f. July 01, 2017)
- The States Goods and Service Tax Acts, 2017 (w.e.f. July 01, 2017)
- Integrated Goods and Service Tax Act, 2017 (w.e.f. July 01, 2017)
- The Union Territory Goods and Service Tax Act, 2017 (w.e.f. July 01, 2017)

4. Tax Accounting

A. Direct Tax

- Provisions for Income Tax are made in accordance with Section 44, read with rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961.
- Income tax expense comprises current tax and deferred tax charge or credit. Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

- Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realized.

B. Indirect Tax

- Goods and Services Tax (GST) collected from customers on insurance premium is considered as a liability against which GST paid on inputs/services, to the extent credit is available, is adjusted and the liability and balance is remitted to the Government. GST paid for eligible input services not recoverable by way of credits is recognized as expenses.

Unutilized credits, if any, are carried forward under “Advances and other assets” for future set off and are deferred for recognition to the extent there is reasonable certainty that the assets can be realized in future.

5. Tax Compliance

Star Health is committed to complying with the applicable Tax laws and regulations of India by:

- Paying statutory taxes on a timely basis
- Filing applicable statutory tax returns within prescribed time lines
- Responding to tax enquiry and audits in a transparent and timely manner
- Ensuring all transactions with related parties are carried out on an “arm’s length” basis
- Paying tax on profits in jurisdictions where value is created, thereby complying to the arm’s length principle for intra group transactions/activities along with compliance to local transfer pricing rules; if any
- Ensuring adequate resourcing of tax compliance staff
- Ensuring availability of adequate Information Technology resources and data storage for establishing a faceless interface with the tax department
- Ensuring evaluation of impact of changes in tax laws and timely reporting thereof to the Board of Directors of Star Health.

Tax Havens / Tax Free zones

The company as a policy does not engage in tax haven jurisdictions. The jurisdictions in which company operates is based solely on business requirements. The company regularly evaluates the establishment of operations in special economic zones, free trade zones, or other notified areas that offer tax benefits in various jurisdictions.

The company as a policy does not transfer assets/profits to low tax jurisdictions.

The company does not use tax structures that do not have any commercial substance.

6. Tax Risks and Internal Controls

- Internal processes and controls are put in place for determining tax litigation and appropriate accounting and disclosure.
- External legal opinions are sought on any new tax law changes or new tax matters, as required by the management. Internal processes and controls are reviewed on an ongoing basis to ensure that the risks are adequately managed. The Company's Management and the Board are duly apprised of tax risks rated high on the risk matrix.